

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

WS-02676A

Rio Rico Utilities Inc. - Water

12725 W. Indian School Rd. Suite D101

Avondale, AZ 85392

RECEIVED

APR 16 2008

AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES

ANNUAL REPORT

FOR YEAR ENDING

| | | |
|-----------|-----------|-------------|
| 12 | 31 | 2007 |
|-----------|-----------|-------------|

FOR COMMISSION USE

| | |
|--------------|-----------|
| ANN06 | 07 |
|--------------|-----------|

4-17-08

COMPANY INFORMATION

Company Name (Business Name) Rio Rico Utilities, Inc.

Mailing Address 12725 W. Indian School Rd. Suite D101

(Street)

Avondale

(City)

AZ

(State)

85392

(Zip)

(623) 935-9367

Telephone No. (Include Area Code)

(623) 935-1020

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

Local Office Mailing Address Same as above

(Street)

(City)

(State)

(Zip)

Local Office Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

MANAGEMENT INFORMATION

Management Contact: Greg Sorensen

(Name)

V.P.

(Title)

12725 W. Indian School Rd., Suite D101

(Street)

Avondale

(City)

Arizona

(State)

85392

(Zip)

(623) 298-3753

Telephone No. (Include Area Code)

(623) 935-1020

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

On Site Manager: Bob Dodds

(Name)

12725 W. Indian School Rd Suite D101

(Street)

Avondale

(City)

AZ

(State)

85392

(Zip)

(623) 935-9367

Telephone No. (Include Area Code)

(623) 935-1020

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

☒ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: CT Corporation System

(Name)

3225 N. Central Ave.

(Street)

Phoenix

(City)

AZ

(State)

85201

(Zip)

(602) 277-4792

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: Jay Shapiro @ Fennemore Craig

(Name)

3003 North Central Ave. Suite 2600

(Street)

Phoenix

(City)

AZ

(State)

85012-2913

(Zip)

(602) 916-5366

Telephone No. (Include Area Code)

(602) 916-5566

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

☒ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☒ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co-op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☐ PINAL

☒ SANTA CRUZ

☐ YAVAPAI

☐ YUMA

☐ STATEWIDE

COMPANY NAME**Rio Rico Utilities, Inc (Water)****UTILITY PLANT IN SERVICE**

| Acct. No. | DESCRIPTION | Original Cost (OC) | Accumulated Depreciation (AD) | O.C.L.D. (OC less AD) |
|----------------------|---|-------------------------------|--|----------------------------------|
| 301 | Organization | | | |
| 302 | Franchises | | | |
| 303 | Land and Land Rights | | | |
| 304 | Structures and Improvements | 395,371 | 4,887 | 390,484 |
| 307 | Wells and Springs | 53,242 | 444 | 52,799 |
| 311 | Pumping Equipment | 116,043 | 16,539 | 99,504 |
| 320 | Water Treatment Equipment | 5,581 | 264 | 5,317 |
| 330 | Distribution Reservoirs and Standpipes | | | |
| 331 | Transmission and Distribution Mains | 29,243,716 | 10,276,180 | 18,967,537 |
| 333 | Services | 187,149 | 4,166 | 182,983 |
| 334 | Meters and Meter Installations | 228,950 | 8,793 | 220,157 |
| 335 | Hydrants | 56,833 | | 56,833 |
| 336 | Backflow Prevention Devices | 3,848 | | 3,848 |
| 339 | Other Plant and Misc. Equipment | 17,759 | 473 | 17,286 |
| 340 | Office Furniture and Equipment | | | |
| 341 | Transportation Equipment | | | |
| 343 | Tools, Shop and Garage Equipment | | | |
| 344 | Laboratory Equipment | | | |
| 345 | Power Operated Equipment | | | |
| 346 | Communication Equipment | 3,547 | 983 | 2,563 |
| 347 | Miscellaneous Equipment | | | |
| 348 | Other Tangible Plant | | | |
| | | | | |
| | TOTALS | 30,312,040 | 10,312,729 | 19,999,311 |

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME**Rio Rico Utilities, Inc (Water)****CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

| Acct. No. | DESCRIPTION | Original Cost (1) | Depreciation Percentage (2) | Depreciation Expense (1x2) |
|----------------------|--|------------------------------|--|---------------------------------------|
| 301 | Organization | | | |
| 302 | Franchises | | | |
| 303 | Land and Land Rights | | | |
| 304 | Structures and Improvements | 395,371 | | 4,862 |
| 307 | Wells and Springs | 53,242 | | 444 |
| 311 | Pumping Equipment | 116,043 | | 12,190 |
| 320 | Water Treatment Equipment | 5,581 | | 186 |
| 330 | Distribution Reservoirs and Standpipes | | | 0 |
| 331 | Transmission and Distribution Mains | 29,243,716 | | 584,874 |
| 333 | Services | 187,149 | | 3,156 |
| 334 | Meters and Meter Installations | 228,950 | | 7,484 |
| 335 | Hydrants | 56,833 | | 0 |
| 336 | Backflow Prevention Devices | 3,848 | | 0 |
| 339 | Other Plant and Misc. Equipment | 17,759 | | 473 |
| 340 | Office Furniture and Equipment | | | 0 |
| 341 | Transportation Equipment | | | 0 |
| 343 | Tools, Shop and Garage Equipment | | | 0 |
| 344 | Laboratory Equipment | | | 0 |
| 345 | Power Operated Equipment | | | 0 |
| 346 | Communication Equipment | 3,547 | | 709 |
| 347 | Miscellaneous Equipment | | | 0 |
| 348 | Other Tangible Plant | | | 0 |
| | Less: CIAC Amortization | | | (442,204) |
| | TOTALS | 30,312,040 | | 172,175 |

This amount goes on Comparative Statement of Income and Expense Acct. No. 403.

Half-year convention used on asset additions.

COMPANY NAME**Rio Rico Utilities, Inc (Water)****BALANCE SHEET**

| Acct. No. | ASSETS | BALANCE AT BEGINNING OF YEAR | BALANCE AT END OF YEAR |
|----------------------|---|---|---------------------------------------|
| | | | |
| | CURRENT AND ACCRUED ASSETS | | |
| 131 | Cash | \$ 63,424 | \$ 72,538 |
| 134 | Working Funds | | |
| 135 | Temporary Cash Investments | | |
| 141 | Customer Accounts Receivable | 277,667 | 268,097 |
| 146 | Notes/Receivables from Associated Companies | | |
| 151 | Plant Material and Supplies | | |
| 162 | Prepayments | 2,515 | 16,124 |
| 174 | Miscellaneous Current and Accrued Assets | 1,525,294 | 1,685,030 |
| | TOTAL CURRENT AND ACCRUED ASSETS | \$ 1,868,900 | \$ 2,041,789 |
| | | | |
| | FIXED ASSETS | | |
| 101 | Utility Plant in Service | \$ 29,540,971 | \$ 30,312,040 |
| 103 | Property Held for Future Use | | |
| 105 | Construction Work in Progress | 1,126,499 | 1,368,681 |
| 108 | Accumulated Depreciation - Utility Plant | 9,698,350 | 10,312,729 |
| 121 | Non-Utility Property | | |
| 122 | Accumulated Depreciation - Non Utility | | |
| | TOTAL FIXED ASSETS | \$ 20,969,120 | \$ 21,367,992 |
| | | | |
| | TOTAL ASSETS | \$ 22,838,020 | \$ 23,409,781 |

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

COMPANY NAME**Rio Rico Utilities, Inc (Water)****BALANCE SHEET (CONTINUED)**

| Acct. No. | LIABILITIES | BALANCE AT BEGINNING OF YEAR | BALANCE AT END OF YEAR |
|----------------------|---|---|---------------------------------------|
| | CURRENT LIABILITES | | |
| 231 | Accounts Payable | \$ 128,849 | \$ 18,793 |
| 232 | Notes Payable (Current Portion) | | |
| 234 | Notes/Accounts Payable to Associated Companies | 45,098 | (153,553) |
| 235 | Customer Deposits | 104,278 | 105,418 |
| 236 | Accrued Taxes | 49,187 | 58,649 |
| 237 | Accrued Interest | 1,517 | 2,589 |
| 241 | Miscellaneous Current and Accrued Liabilities | 1,467,516 | 1,254,623 |
| | TOTAL CURRENT LIABILITIES | \$ 1,796,445 | \$ 1,286,519 |
| | LONG-TERM DEBT (Over 12 Months) | | |
| 224 | Long-Term Notes and Bonds | | |
| | DEFERRED CREDITS | | |
| 251 | Unamortized Premium on Debt | | |
| 252 | Advances in Aid of Construction | 192,019 | 207,689 |
| 255 | Accumulated Deferred Investment Tax Credits | | |
| 271 | Contributions in Aid of Construction | 20,319,943 | 20,324,408 |
| 272 | Less: Amortization of Contributions | 5,638,101 | 6,136,557 |
| 281 | Accumulated Deferred Income Tax | (140,557) | (104,031) |
| | TOTAL DEFERRED CREDITS | \$ 14,733,305 | \$ 14,291,509 |
| | TOTAL LIABILITIES | \$ 16,529,750 | \$ 15,578,028 |
| | CAPITAL ACCOUNTS | | |
| 201 | Common Stock Issued | \$ 1 | \$ 1 |
| 211 | Paid in Capital in Excess of Par Value | 6,028,335 | 6,824,965 |
| 215 | Retained Earnings | 279,934 | 1,006,787 |
| 218 | Proprietary Capital (Sole Props and Partnerships) | | |
| | TOTAL CAPITAL | \$ 6,308,270 | \$ 7,831,753 |
| | TOTAL LIABILITIES AND CAPITAL | \$ 22,838,020 | \$ 23,409,781 |

COMPANY NAME**Rio Rico Utilities, Inc (Water)****COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

| Acct. No. | OPERATING REVENUES | PRIOR YEAR | CURRENT YEAR |
|----------------------|---|---------------------|-------------------------|
| 461 | Metered Water Revenue | \$ 1,737,758 | \$ 1,779,583 |
| 460 | Unmetered Water Revenue | | |
| 474 | Other Water Revenues | 63,860 | 41,739 |
| | TOTAL REVENUES | \$ 1,801,618 | \$ 1,821,322 |
| | OPERATING EXPENSES | | |
| 601 | Salaries and Wages | | |
| 610 | Purchased Water | | |
| 615 | Purchased Power | 322,910 | 378,942 |
| 618 | Chemicals | 3,096 | 4,375 |
| 620 | Repairs and Maintenance | 34,262 | 15,628 |
| 621 | Office Supplies and Expense | 36,572 | 35,525 |
| 630 | Outside Services | 585,999 | 676,068 |
| 635 | Water Testing | 9,507 | 29,604 |
| 641 | Rents | 23,660 | 18,783 |
| 650 | Transportation Expenses | 68,629 | 92,031 |
| 657 | Insurance - General Liability | 31,853 | 34,701 |
| 659 | Insurance - Health and Life | | |
| 666 | Regulatory Commission Expense - Rate Case | 22,679 | 43,147 |
| 675 | Miscellaneous Expense | 10,880 | 1,364 |
| 403 | Depreciation Expense | 321,261 | 172,175 |
| 408 | Taxes Other Than Income | | |
| 408.11 | Property Taxes | 91,295 | 109,054 |
| 409 | Income Tax | 289,321 | 308,983 |
| | TOTAL OPERATING EXPENSES | \$ 1,851,924 | \$ 1,920,380 |
| | OTHER INCOME/EXPENSE | | |
| 419 | Interest and Dividend Income | | |
| 421 | Non-Utility Income | | |
| 426 | Miscellaneous Non-Utility Expenses | | |
| 427 | Interest Expense | 3,235 | 5,633 |
| | TOTAL OTHER INCOME/EXP | \$ (3,235) | \$ (5,633) |
| | NET INCOME/(LOSS) | \$ (53,541) | \$ (104,692) |

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

| | LOAN #1 | LOAN #2 | LOAN #3 | LOAN #4 |
|------------------------|---------|---------|---------|---------|
| Date Issued | | | | |
| Source of Loan | | | | |
| ACC Decision No. | | | | |
| Reason for Loan | | | | |
| Dollar Amount Issued | \$ | \$ | \$ | \$ |
| Amount Outstanding | \$ | \$ | \$ | \$ |
| Date of Maturity | | | | |
| Interest Rate | % | % | % | % |
| Current Year Interest | \$ | \$ | \$ | \$ |
| Current Year Principle | \$ | \$ | \$ | \$ |

| | |
|--|------------------|
| Meter Deposit Balance at Test Year End | <u>\$197,889</u> |
| Meter Deposits Refunded During the Test Year | <u>\$30,676</u> |

COMPANY NAME Rio Rico Utilities Inc (Water)

WATER COMPANY PLANT DESCRIPTION

WELLS

| ADWR ID Number* | Pump Horsepower | Pump Yield (gpm) | Casing Depth (Feet) | Casing Diameter (Inches) | Meter Size (inches) | Year Drilled |
|----------------------------|----------------------------|-----------------------------|------------------------------------|---|--------------------------------|-------------------------|
| 55-502579 | 200 | 1100 | 650 | 16 | 8 | |
| 55-619359 | 75 | 625 | 250 | 10 | 6 | |
| 55-604302 | 20 | | | 16 | 2 | |
| 55-604364 | 75 | 625 | 251 | 10 | 6 | |
| 55-604363 | 75 | 650 | 603 | 12 | 8 | |
| 55-604366 | 20 | | | 10 | 2 | |
| 55-587292 | 200 | 975 | 605 | 16 | 10 | 2003 |
| 55-206176 | 250 | 1300 | 650 | 16 | 10 | 2006 |
| | | | | | | |

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

| Name or Description | Capacity (gpm) | Gallons Purchased or Obtained (in thousands) |
|----------------------------|---------------------------|---|
| | | |
| | | |

| BOOSTER PUMPS | | FIRE HYDRANTS | |
|----------------------|-----------------|--------------------------|-----------------------|
| Horsepower | Quantity | Quantity Standard | Quantity Other |
| 40 | 2 | 315 | |
| 30 | 8 | | |
| 25 | 13 | | |
| 20 | 8 | | |
| 15 | 10 | | |
| 10 | 3 | | |
| 7.5 | 9 | | |
| 3 | 2 | | |

| STORAGE TANKS | | PRESSURE TANKS | |
|-----------------------------------|-----------------|-----------------------|-----------------|
| Capacity, Millions Gallons | Quantity | Capacity | Quantity |
| 0.640 | 1 | 8,000 | 1 |
| 0.200 | 1 | 5,000 | 11 |
| 0.150 | 1 | 3,000 | 1 |
| 0.100 | 1 | 1,500 | 4 |
| 0.010 | 4 | 1,000 | 5 |
| | | 200 | 4 |
| | | 50 | 0 |

WATER COMPANY PLANT DESCRIPTION (CONTINUED)**MAINS**

| Size (in inches) | Material | Length (in feet) |
|---------------------|----------|------------------|
| 4" and Under | Various | 325,458 |
| Over 4" | Various | 1,478,264 |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

CUSTOMER METERS

| Size (in inches) | Quantity |
|------------------|----------|
| 5/8 X 3/4 | 6053 |
| 3/4 | 8 |
| 1 | 86 |
| 1 1/2 | 18 |
| 2 | 49 |
| 3 | 18 |
| 4 | 5 |
| 6 | 2 |
| | |
| | |
| | |
| | |
| | |
| | |

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

Gas Chlorination System using 150# Cylinders

STRUCTURES:

(2) 20' X 20' Storage Sheds

(6) 8' X 8' Chlorination Buildings (at well sites)

OTHER:

| | | |
|---|-------|--|
| COMPANY NAME: Rio Rico Utilities Inc. (Water). | | |
| Name of System | 12011 | ADEQ Public Water System Number (if applicable) |

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2007

| MONTH/YEAR | NUMBER OF CUSTOMERS | GALLONS SOLD (Thousands) | GALLONS PUMPED (Thousands) | GALLONS PURCHASED (Thousands) |
|-------------------|----------------------------|-------------------------------------|---------------------------------------|--|
| JANUARY | 5,974 | 60,021,000 | 55,748,000 | |
| FEBRUARY | 6,020 | 46,442,000 | 52,617,000 | |
| MARCH | 6,056 | 49,779,000 | 66,987,000 | |
| APRIL | 6,099 | 74,294,000 | 72,244,000 | |
| MAY | 6,126 | 66,581,000 | 87,574,000 | |
| JUNE | 6,140 | 79,242,000 | 97,621,000 | |
| JULY | 6,190 | 96,536,000 | 79,486,000 | |
| AUGUST | 6,212 | 56,602,000 | 69,418,000 | |
| SEPTEMBER | 6,220 | 61,425,000 | 72,306,000 | |
| OCTOBER | 6,248 | 58,228,000 | 67,858,000 | |
| NOVEMBER | 6,239 | 55,743,000 | 64,050,000 | |
| DECEMBER | 6,239 | 62,525,000 | 56,789,000 | |
| TOTALS → | | 767,418,000 | 842,698,000 | |

What is the level of arsenic for each well on your system? See next page mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? 1150GPM for 2 hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☒ (X) Yes ☐ () No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☒ (X) Yes ☐ () No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☒ (X) Yes ☐ () No

If yes, provide the GPCPD amount: 172

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME Rio Rico Utilities, Inc YEAR ENDING 12/31/2007

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2007 was: \$ 146,837

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

**VERIFICATION
AND
SWORN STATEMENT**
Taxes

RECEIVED

VERIFICATION

STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE

| | |
|--|--|
| COUNTY OF (COUNTY NAME) SANTA CRUZ | |
| NAME (OWNER OR OFFICIAL) TITLE Greg Sorensen, VP | |
| COMPANY NAME RIO RICO UTILITIES INC. | |

APR 16 2008
AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

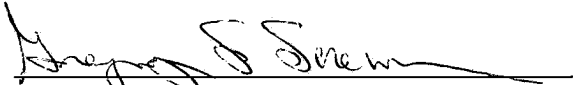
| | | |
|-------|-----|------|
| MONTH | DAY | YEAR |
| 12 | 31 | 2007 |

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.


SIGNATURE OF OWNER OR OFFICIAL
623 298 3753
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

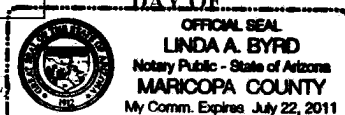
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

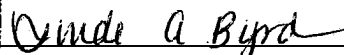
5th

DAY OF

(SEAL)



| | |
|--------------------------------|---------------------|
| COUNTY NAME <u>Maricopa</u> | |
| MONTH <u>April</u> | YEAR <u>2008</u> |



SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES July 22, 2011

COMPANY NAME Rio Rico Utilities, Inc

YEAR ENDING 12/31/2007

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported
Estimated or Actual Federal Tax Liability

Unable to Isolate due to consolidated return filed

State Taxable Income Reported
Estimated or Actual State Tax Liability

Unable to Isolate due to consolidated return filed

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances
Amount of Gross-Up Tax Collected
Total Grossed-Up Contributions/Advances

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.


SIGNATURE

4/15/08
DATE

Gregory S Sorenson
PRINTED NAME

VP Finance
TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED

APR 16 2008

AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

| |
|---|
| COUNTY OF (COUNTY NAME) Santa Cruz |
| NAME (OWNER OR OFFICIAL) TITLE Greg Sorensen V.P. |
| COMPANY NAME Rio Rico Utilities Inc. |

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

| | | |
|-------|-----|------|
| MONTH | DAY | YEAR |
| 12 | 31 | 2007 |

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

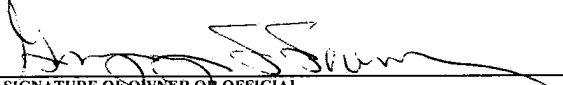
IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2007 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 1,953,153

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 131,831
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**


SIGNATURE OF OWNER OR OFFICIAL
623 298 3753
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

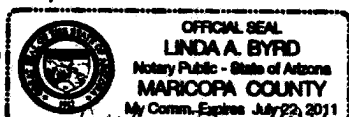
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

15th

DAY OF

(SEAL)



MY COMMISSION EXPIRES

July 22, 2011

| | |
|--------------------------------|------------------|
| COUNTY NAME <u>Maricopa</u> | |
| MONTH <u>April</u> | <u>20th</u> 2008 |


SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

RECEIVED

APR 16 2008

AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

| | | |
|--------------------------|-------------------------|------------|
| COUNTY OF (COUNTY NAME) | Santa Cruz | |
| NAME (OWNER OR OFFICIAL) | Greg Sorensen | TITLE V.P. |
| COMPANY NAME | Rio Rico Utilities Inc. | |

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

| | | |
|-------|-----|------|
| MONTH | DAY | YEAR |
| 12 | 31 | 2007 |

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2007 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 1,585,689

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 107,029
IN SALES TAXES BILLED, OR COLLECTED)

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**

Greg Sorensen
SIGNATURE OF OWNER OR OFFICIAL

623 298 3753

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

15th

DAY OF

(SEAL)



MY COMMISSION EXPIRES

July 22, 2011

| | |
|--|-------------|
| NOTARY PUBLIC NAME <u>Linda A. Byrd</u> | |
| COUNTY NAME <u>Maricopa</u> | |
| MONTH <u>April</u> | <u>2008</u> |

X *Linda A. Byrd*

SIGNATURE OF NOTARY PUBLIC